

## Message Text

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PAGE 01 BONN 08840 01 OF 02 241708Z  
ACTION EUR-12

INFO OCT-01 ISO-00 EB-07 SS-15 NSC-05 INR-07 DODE-00  
L-03 SP-02 /052 W  
-----241751Z 024482 /46

R 241659Z MAY 77  
FM AMEMBASSY BONN  
TO SECSTATE WASHDC 8497  
INFO USMISSION USBERLIN  
AMEMBASSY LONDON  
AMEMBASSY PARIS

C O N F I D E N T I A L SECTION 01 OF 02 BONN 08840

E.O. 11652: GDS  
TAGS: EAIR, PFOR, WB, GW, FR, UK, US  
SUBJECT: CIVAIR: PARLIAMENTARY QUESTION ON IGS FARE  
INCREASE

REF: BONN 8581

1. BEGIN UNCLASSIFIED: FOLLOWING IS AN EMBASSY  
TRANSLATION OF AN FRG PROVIDED TEXT DATED MAY 18, 1977  
OF A PARLIAMENTARY QUESTION ON THE PROPOSED INNER  
GERMAN SERVICE FARE INCREASE AND THE GOVERNMENT'S  
ANSWER.

Q: DOES THE FEDERAL GOVERNMENT, THROUGH NEGOTIATIONS  
WITH THE THREE ALLIES, SEE A POSSIBILITY TO AVOID THE  
LATEST FARE INCREASE FOR THE BERLIN AIR SERVICES IN THE  
AMOUNT OF 7 PERCENT AS DEMANDED BY THE ALLIED CARRIERS,  
BEARING IN MIND THAT THE LAST FARE INCREASE IN MAY 1976  
AMOUNTED TO 9.6 PERCENT AND IN VIEW OF THE FACT THAT AIR  
FARES HAVE BEEN INCREASED SEVEN TIMES SINCE 1970 WHICH  
RESULTED IN A DOUBLING OF THE FARE ON SOME ROUTES,  
MAKING THEM ALMOST PROHIBITIVE FOR NORMAL TRAVELERS?

DOES THE FEDERAL GOVERNMENT SHARE MY VIEW THAT, THROUGH  
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IMMEDIATE NEGOTIATIONS WITH THE RESPONSIBLE AGENCIES  
OF THE THREE ALLIED POWERS, THE POLITICAL ASPECTS OF  
THE RATE STRUCTURE FOR AIR TRAFFIC TO AND FROM BERLIN  
AS OPPOSED TO PURELY ECONOMIC CONSIDERATIONS MUST BE  
MOVED INTO THE FOREGROUND AGAIN IN ORDER TO KEEP OPEN  
THE ONLY UNCONTROLLED ACCESS TO AND FROM BERLIN-WEST,  
EMPHASIZING IN THIS CONTEXT THE FACT THAT THIS AIR

TRAFFIC IS COMPLETELY OUTSIDE ALL COMPETITION AND THUS  
HAS QUASI MONOPOLY CHARACTERISTICS?

A: THE AIR FARE INCREASE OF APPROXIMATELY SEVEN  
PERCENT, FILED  
FOR BY THE AIRLINES OPERATING BERLIN AIR SERVICES, IS  
PRESENTLY UNDER CAREFUL REVIEW BY THE FEDERAL GOVERN-  
MENT, TAKING INTO CONSIDERATION THE APPROPRIATE ECONOMIC  
AND POLITICAL FACTORS. THE ALLIED AIR CARRIERS HAVE  
PROVIDED COST AND REVENUE DATA FOR THE BERLIN SERVICES.  
IN THIS REVIEW, HOWEVER, ONE MUST NOT OVERLOOK THE  
FACT THAT IN RECENT YEARS, SEVERAL INCREASES FOR GERMAN  
DOMESTIC SERVICES HAD TO BE APPROVED BY THE COMPETENT  
AUTHORITIES OF THE FEDERAL REPUBLIC OF GERMANY FOR GOOD  
REASONS, THE LAST TIME EFFECTIVE APRIL 1, 1977.

UPON RECEIPT, THE FORMAL APPLICATIONS WILL BE REVIEWED  
JOINTLY BY REPRESENTATIVES OF THE FEDERAL GOVERNMENT,  
LAND BERLIN AND THE EMBASSIES OF THE THREE POWERS.  
THE GERMAN SIDE WILL THEN STRIVE TO KEEP THE RATES FOR  
AIR SERVICES TO AND FROM BERLIN (WEST) AS LOW AS  
POSSIBLE. ON THE OTHER HAND, IT MUST BE RECOGNIZED THAT  
THE ALLIED CARRIERS ARE PRIVATE ENTERPRISES WHICH MUST  
WORK ECONOMICALLY. THE ULTIMATE DECISION FOR SUCH  
APPLICATIONS RESTS WITH THE GOVERNMENTS OF THE THREE  
POWERS.

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ACTION EUR-12

INFO OCT-01 ISO-00 EB-07 SS-15 NSC-05 SP-02 L-03  
INR-07 DODE-00 /052 W  
-----241751Z 024460 /46

R 241659Z MAY 77  
FM AMEMBASSY BONN  
TO SECSTATE WASHDC 8498  
INFO USMISSION USBERLIN  
AMEMBASSY LONDON  
AMEMBASSY PARIS

C O N F I D E N T I A L SECTION 02 OF 02 BONN 08840

THE FEDERAL GOVERNMENT DOES NOT FAIL TO APPRECIATE THE  
POLITICAL IMPORTANCE OF THE RATE STRUCTURE FOR BERLIN  
AIR SERVICES. THE POLITICAL RELEVANCE OF THE AIR FARES  
HAS ALWAYS DECISIVELY DETERMINED ITS POSITION. THE  
REQUIREMENTS OF MAINTAINING THE ONLY UNCONTROLLABLE  
ACCESS TO BERLIN (WEST) WAS ALWAYS PRESENTED EFFECTIVELY  
IN DELIBERATIONS WITH THE THREE POWERS. THIS WILL  
AGAIN BE DONE IN THE FORTHCOMING DISCUSSIONS ON A  
NEW AIR FARE INCREASE. END UNCLASSIFIED

2. BEGIN CONFIDENTIAL COMMENT: THE GOVERNMENT REPLY  
SIGNIFICANTLY CONCEDES THAT THERE WILL BE A FARE IN-  
CREASE AND GIVES A RATIONALE THEREFORE THAT MIGHT HAVE  
BEEN WRITTEN BY ONE OF THE AIRLINES. THIS REINFORCES  
OUR OPINION THAT PROVIDED A GOOD JUSTIFICATION FOR PAN  
AM'S NEW INVESTMENT FIGURE IS PROVIDED AND CARE IS  
TAKEN TO AVOID GIVING THE FEELING TO THE GERMAN SIDE  
IN BCATAG THAT THEY ARE BEING RAILROADED,  
THE FRG WILL ACCEPT A FARE INCREASE WITHOUT GREAT  
RESISTANCE.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** DEBATES, COMMERCIAL AIRCRAFT, CENTRAL LEGISLATURE, AIR FARES, PRICE CONTROLS, BERLIN AIR ACCESS, FOREIGN INVESTMENTS  
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**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
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**Disposition Reason:**  
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**Subject:** CIVAIR: PARLIAMENTARY QUESTION ON IGS FARE INCREASE  
**TAGS:** EAIR, PFOR, WB, GE, FR, UK, US, PANAM, IGS  
**To:** STATE  
**Type:** TE  
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